



U.S. Department of Justice

*United States Attorney
Eastern District of Arkansas*

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FORMER BANK PRESIDENT INDICTED ON FEDERAL CHARGES

Little Rock – United States Attorney Bud Cummins announced that Richard Turner Smith, age 56, of Hot Springs, Arkansas, has been indicted by a federal grand jury sitting in Little Rock, Arkansas. Smith, former president of Smith Associated Banking Corporation (SABCO), was charged with one count of defrauding the Federal Deposit Insurance Corporation (FDIC) by receiving fees from David Howell when bank customers, who had received loans from his banks, invested with Howell. Smith was also charged with three counts of filing false income tax returns with the Internal Revenue Service.

According to the indictment, SABCO was the majority owner of Stephens Security Bank in Stephens, AR, and the Bank of Salem in Salem, AR. Beginning in approximately 1993, Smith invested some of his personal funds with Mace David Howell, a former banker. Howell told Smith he was making significant profits trading on the relationship of the U.S. Dollar and the Swiss Franc. Smith received monthly payments from Howell as principal and a return on his investment. The indictment also charges that Smith received fees from Howell for each investor Smith recruited to invest their money with Howell. These fees were calculated on the percentage of money invested with Howell. Some of these recruited investors received loans from one of the two banks Smith controlled. The indictment charges that Smith failed to disclose to the FDIC that he was getting fees from Howell when people invested with Howell after they borrowed money from one of Smith's banks.

The indictment states that from 1999 through 2002, Smith gave Howell a total of \$5,902,016 as money to invest. From 1999 through 2002, Howell paid to Smith a total of \$11,118,161 as a return on Smith's investments, return of principal, and as fees for recruiting others investors to invest their money with Howell. This ended in October 2002 when was found dead in California.

The indictment also charges that Smith filed false income tax returns with the Internal Revenue Service for 2000, 2001, and 2002 calendar years. According to the indictment, Smith failed to report the following net income from Howell in each year:

2000 – \$1,917,207

2001 – \$1,958,754

2002 – \$ 1,139,530

This investigation was conducted by the Federal Bureau of Investigation and the IRS Criminal Investigation. Assistant U.S. Attorney Patrick Harris will represent the United States.

An indictment contains only allegations. The defendants are presumed innocent unless and until proven guilty.

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